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The Results of the Council Movement in Germany

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SOCIAL movements require for their completion a long period of time. The longer this time the more firm and absolute becomes the power of the state in supporting the existing order. For this reason the council movement can be said to have had results only in those places where the war has produced a change in the social and political distribution of power, and where the question as to the social justice and economic expediency of the former condition demands a new adjustment. These conditions are found especially in Germany and German Austria. Yet even there the situation is still unsettled, plans are still contested, and the effectiveness of innovations actually introduced exists rather in the hopes pinned to them than in their practical results.

THE POLITICAL COUNCILS

When the Revolution broke out in Germany in November, 1918, there arose in the Republic and on the fronts numerous councils. Their number is estimated at ten thousand. The smallest units of these workmen's and soldiers' councils were formed on the basis of local or personal connections—in the factory, the commune or the regiment—and they sought by delegations to the superior organization to effect a close union. Their accomplishments were variously judged and were, in fact, very different according to their composition and to the field of their activities. Some of them, especially the garrisons on the coasts and in the large cities, gave the death-blow to

a system discredited by its arbitrary use of military and political power. At the same time, others took over the duties of the defunct authorities in caring for the most pressing needs of the people during the retreat and demobilization of the troops.

Even the highest governmental authority, the council of those commissioned by the people, was nominated by a comprehensive council organization, the Great Berlin Executive Council, and subsequently confirmed in its power by the first Congress of Workmen's and Soldiers' Councils. The heterogeneous composition of the different councils whose members were drawn from the extreme left as well as from the civilian democracy, led to fundamental differences of opinion as to the future duties of the workmen's and soldiers' councils in the reconstruction of Germany. At the first Congress of councils at Berlin in December, 1918, the overwhelming majority, by rejecting a dictatorship of the proletariat, adopted the principle of parliamentary democracy and voted for the immediate calling of the National Assembly.

With the meeting of the National Assembly the political activity of the councils came to an end. Certain local councils, it is true, still attempted to assert their authority and the council form was favored when possible by the authorities during times of more or less serious disturbances. But such were only temporary occasions supported only by insignificant portions of the people. The German Constitution of

August 11, 1919, did not recognize the political character of the workmen's councils. The new constitution, however, granted functions to these councils in the field of social and economic affairs.

THE FORMATION OF ECONOMIC COUNCILS

After some initial delays the government was ready in the spring of 1919 to consent to the incorporation in the constitution of a system of economic councils. It recognized that in this direction new and important arrangements could be, and must be made, if the people were to be saved from complete confusion. In line with this thought the government proposed a constitutional amendment which, with insignificant changes, was incorporated in the National Constitution as Article 165, entitled "Fundamental Rights and Duties of Germans." It reads as follows:

"Wage-earners and salaried employes are qualified to coöperate on equal terms with the employers in the regulation of wages and working conditions, as well as in the entire economic development of the productive forces. The organizations on both sides and the agreements between them will be recognized.

"The wage-earners and salaried employes are entitled to be represented in local workers' councils, organized for each establishment in the locality, as well as in district workers' councils, organized for each economic area, and in a National Workers' Council, for the purpose of looking after their social and economic interests.

"The district workers' councils and the National Workers' Council meet together with the representatives of the employers and with other interested classes of people in district economic councils and in a National Economic Council for the purpose of performing joint economic tasks and coöperating in the execution of the laws of socialization. The district economic councils and the National Economic Council shall be so constituted that all substantial vocational groups are represented therein according to their economic and social importance.

"Drafts of laws of fundamental importance relating to social and economic policy before introduction (into the National Assembly) shall

be submitted by the National Cabinet to the National Economic Council for consideration. The National Economic Council has the right itself to propose such measures for enactment in law. If the National Cabinet does not approve them, it shall, nevertheless, introduce them into the National Assembly together with a statement of its own position. The National Economic Council may have its bill presented by one of its own members before the National Assembly.

"Supervisory and administrative functions may be delegated to the workers' councils and to the economic councils within their respective areas.

"The regulation of the organization and duties of the workers' councils and of the economic councils, as well as their relation to other social bodies endowed with administrative autonomy, is exclusively a function of the Commonwealth."

These instructions fall into two essentially different parts. The first section contains the fundamental recognition of the right of the workers to participate on equal terms in the regulation of labor conditions and in the conduct of the processes of production. The sections following establish the forms for the actual conduct of this program through council organization. This second portion forms a somewhat indefinite program whose accomplishment depends upon later national laws. The general idea of the first part possesses an immediate importance and is not confined to the question of the formation of councils. It provides that whenever industrial questions are under discussion the workers shall have an equal right to be heard. This thought has found its realization in the autonomous bodies discussed below.

The council program can only gradually be worked out. By an evolution from individual management towards more comprehensive organizations, it is expected to secure for the workers that sort of public and legal representation which the entrepreneurs have hitherto had in such bodies as agricultural societies and chambers of com-

merce, but which the workers have so far lacked. Moreover, it claims to assure, in the district and national economic councils, an equal participation of both managers and workers. Thus, by guaranteeing an influence in the direction of economic development it hopes to revive that joy in each productive act which has been diminished by overspecialization in the productive processes. This is, as it were, a sort of spiritual Taylorism which, however, does not spring from a desire merely to increase production but is based upon the necessity for economic responsibility and social justice.

This organization by councils as outlined in Article 165 must be built from the ground up, by development from control over a district to that over the field of national affairs. The National Economic Council, regulating and stimulating all political affairs of an economic or social nature, is to be the crown of the entire system. Certainly months, and perhaps even years, will elapse before its first meeting. In the important questions concerning the formation of the inferior councils its coöperation will, therefore, be lacking. For this reason, the national government decided, even before the formation of the National Economic Council, to call a preliminary council which, although founded upon a different basis, was to be constituted as nearly as possible as the later one. To this meeting are to be committed the duties of the later National Economic Council. The basis of this preliminary National Economic Council is the decree of May 4, 1920. It begins with the assertion of the equality of workers and employers and gives the right of nomination (to the National Economic Council) to a group of important corporate bodies which are mentioned by name in the decree. In the field of industry the

right of nomination is given to the Central Association of Workers and Employers of Germany, an organization already formed by a union between groups of employers and of workers. In agriculture and trade the present efforts toward union into effective workers' associations have not yet succeeded; therefore, in these cases workmen and employers must be named apart from associations. The widely-differing industrial and professional interests are taken into account by the amalgamation of regional chambers of commerce which have the right to nominate. The representation of the productive classes is supplemented by the addition of members from the office-holding class, the professions and the consumers' societies, the latter consisting of delegates from the cities and the rural communes, local consumers' societies, tenants and landlords, housewives and servants. In order not to be deprived of the coöperation of important personages for whose nomination no means had been provided, and in order to create, in the representatives of the intellectuals (*Vertreter der Wissenschaft*), an element having a share in the economic questions, although their interests are not directly affected, the right is given to the representatives of the local and national governments in the National Economic Council to name twelve such persons at their discretion. These groups which, in the narrower sense, do not represent productive classes, are intended to serve as a counterweight against an excessive emphasis of the producers' interests at the expense of the general public. The appointment exercises a moral pressure in the sense that the members of the preliminary National Economic Council must consider themselves as representatives of the whole people and not bound by its decrees.

The duties of this first industrial parliament consist in suggesting and approving political measures of a social and economic nature. The National Economic Council has no right to make a direct decision in matters of a legislative character. This lack of authority, which is felt by many to be a defect, is necessary from the very nature of the case. There can be no overruling majority vote in a body whose members are chosen on the basis of their various vocations, as is possible in an assembly whose membership is elected by uniform methods. Therefore, in view of its far-reaching rights, the minority is permitted to bring to the consideration of the national government the views of the smaller groups.

The preliminary National Economic Council met June 30, 1920. Its first duties were determined by the acute economic situation in Germany. The negotiations at Spa were about to take place; some method must be devised for carrying out the obligations assumed there. The object of the first session was to perfect an organization of the national economic life sufficiently rigid to provide for the most effective and careful utilization of coal and power. Moreover, it was necessary to recognize the causes of Germany's economic depression and to remove them in so far as they were not due to the external political situation. For this purpose a sub-committee was appointed which by expert examination brought to light much valuable material and, as this is written, is about to present the results of its investigation.

The organization of the inferior councils proceeded parallel with the creation of the National Economic Council. After long parliamentary struggles the law creating Factory Councils was passed February 4, 1920,

in the face of opposition from the right and the extreme left. Its basic idea is to grant to wage-earners and to salaried employes representation on equal terms with the employers and an influence in the accomplishment of the purposes of the industry—in short democracy in management. To this end, factory councils were created in all shops employing at least 20 workers, and in these, wage-earners and salaried employes are given representation in proportion to their numbers. The membership of each group forms a council (wage-earners' councils and salaried employes' councils) whose duty it is to care for the economic interests of the group which it represents. The position occupied by the Factory Council is shown by the powers granted to it by law. The law provides as follows:

1. The management is to be supported by the Factory Council in all industrial operations, in order to secure the most efficient and economic conduct of the business.
2. The Council is to coöperate in furthering the introduction of new methods in all productive processes.
3. The Council shall secure the operation against disturbances arising from disputes among the workers, within the Council itself, or between the workers and the employer. If such disputes cannot be settled by negotiation the Councils of Wage-earners and Salaried Employes shall have the right to name an arbitration committee and set a time and place for adjustment.
4. The Factory Council shall see that the awards and adjustments of the arbitration committee are carried out.
5. The Council shall have power to negotiate with the employer as to general labor regulations and changes in existing agreements.
6. It shall be the duty of the Factory Council to promote good feelings within the workers' unions as well as between them and the employer and to work for the maintenance of the independence of the unions.
7. The Council shall hear grievances of the workers and aid in their redress by joint negotiation with the employer.
8. The Council shall coöperate in the administration of pension and housing funds as well as in other welfare projects of the industry.

In the latter case, however, such coöperation shall not be effective where existing arrangements or rules operative in case of death shall interfere or cause a different representation of workers.

In addition the Wage-earners' and Employes' Councils, and, where they do not exist, the Factory Council, shall have the following duties:

1. To see to it that all legal orders favoring the workers, the standard wage agreements and the awards of the recognized committees of arbitration are carried out.
2. Where a wage agreement does not exist, to coöperate with the industrial unions of the workers concerned in securing a regulation of wages and other conditions of labor; especially in the establishment of contract and piece-work rates and the principles governing such agreements; in the introduction of new wage-methods; in the regulation of hours of labor, especially with reference to lengthening or shortening the standard work-day; in the regulation of time off for the workers; and in the settlement of complaints concerning the training and treatment of apprentices.
3. To make agreements with the employer as to conditions of labor and other rules of employment for workers in the list of existing wage-schedules according to the scale prescribed in section 80.
4. To investigate complaints and work for their adjustment in joint conference with the employer.
5. In case of disputes to summon the committee of adjustment or a court of arbitration if the Factory Council refuses to hear the appeal.
6. To take cognizance of complaints of dangerous or unhealthful conditions in the industry; to support inspection officials and others concerned in such matters by advice and information; and in addition to work for the enforcement of police and safety regulations.
7. To take all possible care of those injured in war or by accident and to secure for them occupations suitable to their strength and capabilities by mediation with the employer and their fellow-workers.

Besides this, the Factory Council is to send, in accordance with a law yet to be passed, one or two of its members to the board of directors of such enterprises as have such a board. These members are to have equal rights with

the original members of the board but they are not allowed to claim any compensation from the board. It shall be their special duty to represent the interest of the workers as well as the views and wishes of the business organization. In the important questions concerning the employment of workers, the right of these representatives is restricted to coöperation in laying down the guiding principles and enforcing their observance. The Wage-earners' and Salaried Employes' Councils or the Factory Council has the right to object to the unjustifiable dismissal of a worker, but an appeal may be taken from their objection to a board of arbitration, which has the power to make a final decision. As a guide in questions of employment and discharge the law states that they must occur independently of political, military, religious or guild activity and of membership or non-membership in a political, religious or vocational association or military organization. A limit is set to the activity of the Factory Council and the Workers' and Employes' Councils by the stipulation that the execution of decisions made jointly with the factory management is incumbent on the latter and that no interference in the business management, by means of independent regulations, is allowed to the Factory Council. Moreover the Factory Council is not to be considered as a one-sided class organ. In the performance of its duties it is to consider not only the interests of its own business but it is to have in mind also the general welfare and see to it that those demands of workers and entrepreneurs which are inimical to the common good are not granted.

As noted above the law creating factory councils was at first rejected by the radical group of workers as entirely inadequate. Gradually, how-

ever, the feeling arose that, by skilful manipulation, it might be used as a weapon not only against individual entrepreneurs, but against the more evolutionary plans of the guilds. With this in view, the Communist Party, and with it, the left wing of the Independents, sought to secure a centralization of the factory councils with local subdivisions independent of the guilds and to transfer the essential powers of the guilds to this new radical organization. The guilds and those parties most closely related to them politically are opposing these attempts with all their strength and apparently with success. The situation is too unsettled, however, to permit any final judgment.

The other portions of the council program, so far as actual legislation is concerned, must be considered as still in the preliminary stages. Special difficulties are being encountered in the establishment of the economic districts which are necessary to the formation of District Economic Councils. This is due to the fact that there is danger of conflicting with those boundaries of states which are based upon historic or dynastic considerations. There is further difficulty in uniting existing vocational groups into the system of District Economic Councils, as well as in the creation of independent and effective consumers' organizations. Drafts of laws on these matters will be completed within the next few months.

A review of the new forms of industrial organization in Germany would not be complete if it omitted the phenomenon of the so-called "industrial autonomous bodies." There is no relation whatever between these and the Russian hierarchy of councils which culminates in the most drastic state industrial centralization. They are closely connected, however, with

tendencies which played a rôle in England before the war and especially during the war. The idea of industrial autonomy, as it is presented from the workers' viewpoint in the form of guild-socialism (by Penty, Orage, Hobson and Cole), and from the standpoint of coöperation between workers and employer in the Whitley Report of 1917, has found many friends on the Continent. In Germany immediately after the Revolution, the Undersecretary of State, Richard von Moellendorf, made industrial autonomy the foundation of an extensive economic program, just as Otto Bauer had done when Secretary of State in German Austria. Several autonomous bodies have already been formed on the basis of this plan (in the coal-mining, potash and metal industries). Although no political majority has been found for carrying out the idea, nevertheless, in individual cases where industrial purposes demand it, the principle of autonomy is being extended. The iron, tar and sulphuric acid industries, as well as the freight-handling trade, have adopted such a decentralized professional management under which the conduct of the business is intrusted to experts within the membership of the body.

In individual cases these autonomous bodies are very differently constituted according to the peculiar character of the industry. Common to all of them is the renunciation by the state of direct regulation, although the right is reserved to interfere in cases where the public interest is threatened. Moreover, they are similar in the union of the executive and administrative powers of the industry in a superior organ of the autonomous body, in which workers are to coöperate on equal terms with the entrepreneur. And finally, each has a small but by no means insignificant representation of

consumers, whose duty it is to restrain untrammelled industrial egotism by asserting the rights of the public. The establishment of these autonomous bodies took place, in some cases, with the agreement of the entrepreneurs, in others in spite of their determined opposition, because many saw in them the beginning of socialization. On the other hand, some of the workers, with great distrust, opposed them for exactly opposite reasons, because they saw in them a recognition of the need for, and the perpetuation of, the entrepreneur.

On this point also it is not yet possible to express a final judgment. The idea of equal partnership of workers and entrepreneurs has so far stood the test. The speedy return to settled conditions, the certain increase in production which is already being

felt, and the increase in Germany of joy in working, offer for it a certain support.

Of course no judgment as to the future success of the industrial autonomous bodies can now be pronounced. The movement is not yet concluded. The execution of the Treaty of Peace, which compels the utilization of all forces, will presumably make more of such bodies necessary very soon. How the forces within them will be grouped, whether the number or the ability of the entrepreneurs will still be sufficient to make the worker a willing tool in their interests, or whether the wage-earning class, by actual experience in the solution of economic questions will acquire knowledge enough to dispense with the independent entrepreneur—all these questions only the future can decide.